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FISCAL IMPACT STATEMENT

LS 6889

BILL NUMBER: HB 1739

NOTE PREPARED: Feb 21, 2007

BILL AMENDED: Feb 20, 2007

SUBJECT: Sale of Handguns and Criminal History Data Fund.

FIRST AUTHOR: Rep. Pelath

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) *Form 4473*: This bill eliminates the requirement that a firearms dealer, after selling a handgun, must forward a copy of Bureau of Alcohol, Tobacco, Firearms and Explosives Form 4473, completed and signed by a handgun purchaser, to the State Police Department.

Criminal History Data Fund: The bill establishes the fund for the purpose of (1) operating and maintaining the central repository for criminal history data; and (2) establishing, operating, and maintaining an electronic system for the processing of handgun license applications and renewals. The bill permits money in the fund to be used to establish, operate, and maintain an electronic log to record the sale of ephedrine and pseudoephedrine. It provides that certain handgun license fees will be deposited in the fund, and repeals a provision requiring that certain handgun licensing fees be deposited in the General Fund.

Effective Date: July 1, 2007.

Explanation of State Expenditures: (Revised) *Form 4473*: This provision should have little impact on the ISP in terms of administrative expenses. In fact, it could reduce administrative expenses. Currently, the ISP receives the form and retains them for about 30 days. The bill would eliminate the requirement that the ISP process and retain the form for this limited time. The information contained on the form would be available on a federal database.

Criminal History Data Fund: The fund is established for the purpose of providing funds for operating and maintaining the central repository for criminal history data; and establishing, operating, and maintaining an electronic system for the processing of handgun license applications and renewals. In addition, at the discretion of the superintendent of the Indiana State Police (ISP), the fund may be used to establish, operate,

or maintain an electronic log to record the sale of drugs containing ephedrine or pseudoephedrine.

The fund must be administered by the ISP. Expenses of administering the fund must be paid from money in the fund.

Explanation of State Revenues: (Revised) *Summary:* The impact to the state General Fund would be a reduction in revenues of between \$1.8 M and \$2.4M. The reduction in state General Fund revenue would be deposited in the Criminal History Data Fund.

Background Information: The Treasurer of State must invest money in the Criminal History Data Fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Money in the fund at the end of a state fiscal year does not revert to the state General Fund. However, if at the end of a state fiscal year the amount of money that has been deposited in the state General Fund from handgun license fees is less than \$1.1 M, the Treasurer must transfer from the fund to the state General Fund the lesser of the balance in the fund or the difference between \$1.1 M and the amount of money that has been deposited in the state General Fund from handgun license fees. Money in the fund is continually appropriated to carry out the purposes of the fund.

State handgun fees are currently deposited in the state General Fund. The bill proposes to continue to deposit into the state General Fund, 100% of the fees for a qualified license and a 4-year unlimited license. Licenses are either qualified or unlimited and are valid for 4 years or a lifetime. A qualified license is issued for hunting and target practice. Unlimited licenses are issued for the purpose of the protection of life and property. Based on 2005 data, less than 1% of the fees collected were for these types of licenses. Consequently, these provision will have little impact.

Of the lifetime unlimited license fee paid by a person who does not currently possess a valid Indiana handgun license, a \$70 fee is assessed for the state. Of this total, the bill proposes that \$45 be deposited in the state General Fund and \$30 be deposited in the Criminal History Data Fund. Of the lifetime unlimited license fee paid by a person who currently possesses a valid Indiana handgun license, the state fee would be \$60 with \$30 deposited in the state General Fund and \$30 deposited in the Criminal History Data Fund.

It is not known how many handgun license purchases are from individuals who either did or did not possess a license before the purchase of the license. However, about 80,000 licenses are issued each year. If all of the licenses were purchased by individuals who had a previous license, the \$60 would generate approximately \$4.8 M. Of this amount, the state General Fund would no longer receive 50% of this amount, or \$2.4 M. If all of the licenses were purchased by individuals who did not have a previous license, the state General Fund would no longer receive about 43% of this amount, or \$1.8 M.

The impact to the state General Fund would be a reduction in revenues of between \$1.8 M and \$2.4M. The reduction in state General Fund revenue would be deposited in the Criminal History Data Fund. In both cases, there would be a deposit in the state General Fund of more than \$1.1 M from the remaining fee revenue.

(Because the ISP began issuing and collecting for lifetime licenses in July 2006, data for 2006 represented a mixture of 4-year licenses and lifetime licenses, but did not give a clear representation as to how many individuals would purchase which type of license.)

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) This bill would have no impact on local revenue. The information provided below is for informational purposes only.

Background: Under existing law, in addition to state fees, the law enforcement agency collects the following application fees:

- (1) From a person applying for a 4-year handgun license, a \$10 fee,
- (2) From a person applying for a lifetime handgun license who does not currently possess a handgun license, a \$50 fee.
- (3) From a person applying for a lifetime handgun license who currently possesses a license, a \$40 application fee.

The fee is deposited into the law enforcement agency's firearms training fund or other appropriate training activities fund. If the law enforcement agency is a city or town agency, the fee is deposited in the law enforcement continuing education fund.

State Agencies Affected: Attorney General; ISP.

Local Agencies Affected:

Information Sources: ISP.

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